



**COUNTY OF LOS ANGELES  
DEPARTMENT OF AUDITOR-CONTROLLER**

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August 14, 2009

TO: Supervisor Don Knabe, Chairman  
Supervisor Gloria Molina  
Supervisor Mark Ridley-Thomas  
Supervisor Zev Yaroslavsky  
Supervisor Michael D. Antonovich

FROM:

Wendy L. Watanabe  
Auditor-Controller

SUBJECT: **REGIONAL PARK AND OPEN SPACE DISTRICT PROPOSITION A  
GRANT AUDITS (WORK ORDER 7-50A)**

The Los Angeles County Regional Park and Open Space District (District) was created by Proposition A (formally the Los Angeles County Safe Neighborhood Parks Act) in 1992. The District is authorized to levy benefit assessments and make grants to agencies to preserve beaches, parks and wildlife, to construct, renovate and improve new and existing recreational facilities, and to restore rivers, streams and trails. The District also provides funds to agencies to offset increased maintenance costs resulting from grant projects. The District is governed by your Board and administered by the Department of Parks and Recreation (DPR).

At DPR's request, we contracted with a Certified Public Accounting firm, Mayer Hoffman McCann P.C. (Mayer) to audit one on-going and 29 completed grant projects, totaling approximately \$20 million. Mayer's audit included reviewing whether the recipients properly spent and accounted for the Proposition A funds. Five of the 30 projects also received maintenance and servicing funds, totaling \$463,600.

### **Review Summary**

Mayer reported that seven of the 30 grant projects did not have adequate documentation to support the project costs, resulting in questioned costs totaling \$708,975:

<b>Agency</b>	<b>Grant Amount</b>	<b>Questioned Cost</b>
County DPR (3 grants)	\$464,518	\$464,518
Watts Labor Community Action Committee	400,000	169,784
City of South Gate (maintenance and servicing amount only)	47,697	47,697
City of South Pasadena (maintenance and servicing amount only)	19,376	19,376
Venice Community Housing Corporation	150,126	7,600
<b>Total</b>	<b>\$1,081,717</b>	<b>\$708,975</b>

Mayer also reported that 11 of the 30 grant projects had material weaknesses or significant deficiencies in internal control over financial reporting. These weaknesses and deficiencies resulted from incomplete files and inappropriately maintained accounting records and are considered serious issues that, if not corrected, could result in misstatement of the project financial statements.

Finally, Mayer reported that two of 30 grantees did not provide a signed representation letter confirming representations made by the grant recipients to Mayer during the audit. As a result, Mayer could not issue an unqualified opinion for the California Science Center and the City of Long Beach grants.

Attachment 1 is a summary of the audited grants and maintenance and servicing funds.

### **Review of Report**

Attachment 2 is the District's response. For the seven projects with questioned costs, the District concluded that, while the agencies did not keep adequate documentation of the project costs, the projects were completed in compliance with the project descriptions. As a result, the District will not attempt to recover the questioned costs from the grantees. To correct these deficiencies in the future, the District's response indicates that it will remind all grantees of the need to comply with their grant agreements and the District's Procedural Guide in keeping all project records for five years after the project is closed.

Mayer provided copies of each report to the grantee and to the District. Because of the large number of reports, copies are not enclosed, but are available for your review. Please call me if you have questions, or your staff may call Terri Kasman at (213) 253-0103 if you wish to review any of the reports.

WLW:MMO:JLS:TK

Attachments

c: William T Fujioka, Chief Executive Officer  
Russ Guiney, Director, Department of Parks and Recreation  
Ilona Volkmann, Administrator, Regional Park and Open Space District  
Public Information Office  
Audit Committee

REGIONAL PARK AND OPEN SPACE DISTRICT  
FY 2006-2007 PROPOSITION A GRANTS

Proposition A Grants

	Agency	Project	Grant Number	Supervisory District	Grant Amount
1	Community Development Commission	Union Pacific Community Park Project	58L8-03-2033	1st	\$ 1,950,000
2	Bell, Development Services Department	Los Angeles River Embankment Beautification Project	58B1-98-0708	1st	\$ 350,000
3	Claremont	1999 Hughes Community Center	58C1-00-1161	5th	\$ 1,175,000 (4)
4	California Science Center	Exposition Park Acquisition	58A2-94-0027	2nd	\$ 6,367,058 (4), (5)
5	Glendora Community Conservancy	Wildlife Corridor Phase II	58M2-00-1208	5th	\$ 155,000
6	Gardena	Willow Wetlands Wildlife Preserve	58D3-98-0654	2nd	\$ 850,000 (4)
7	County of LA, Parks and Recreation	Athens Park Ballfield Lights	0680-94-0213	2nd	\$ 102,625 (1), (4)
8	County of LA, Parks and Recreation	Whittier Narrows (Restroom)	2020-94-0073	1st	\$ 172,382 (1), (4)
9	County of LA, Parks and Recreation	Alondra Park (Play Area Improvements)	0610-94-0028	2nd	\$ 114,351 (1), (4)
10	County of LA, Parks and Recreation	Jesse Owens (Park Play Area Improvements)	1530-94-0030	2nd	\$ 177,785 (1), (4)
11	County of LA, Parks and Recreation	Bonelli Park (South Shore Road & Parking)	0770-94-0055	5th	\$ 270,090 (4)
12	Lakewood	Mayfair High School Gymnasium Renovation	58E7-97-0645	4th	\$ 900,000 (5)
13	Long Beach	Orizaba Park Security Lighting	58F5-94-0116	4th	\$ 31,204
14	Mountains Recreation and Conservation Authority	Lawry's River Center - At-Risk Youth Center	58A1-99-0805	1st	\$ 99,649
15	Los Angeles	Elysian Park - Buena Vista Hill Park Development	58F6-94-0209	1st	\$ 197,727
16	Los Angeles, Department of Zoo	Winnick Family Children's Zoo & Contact Area	58F7-01-1276	3rd	\$ 500,000
17	Lynwood, Facilities Maintenance Department	Ham Park Youth Center Improvements	58F8-02-1316	2nd	\$ 7,471
18	Manhattan Beach	Pollywog Park Project	58G1-01-1296	4th	\$ 276,587
19	Los Angeles, Public Works	Palisades Park Storm Drain Diversion	58L5-98-0676	3rd	\$ 117,606
20	Cerritos	Liberty Park Building Reconstruction and Track Resurfacing	58B9-02-2024	4th	\$ 80,000
21	Palos Verdes Estates	Malaga Cove School Trail Easement Acquisition	58G8-98-0707	4th	\$ 1,470,000
22	Rolling Hills Estates	Linden H. Chandler Preserve Erosion Control and Habitat Restoration	58H7-01-5001	4th	\$ 50,000
23	Rosemead, Department of Parks and Recreation	Garvey Avenue Community Center	58H8-98-0764	1st	\$ 2,470,000
24	Single Room Occupancy Housing Corporation	James Wood Memorial Community Center	58M1-98-0725	2nd	\$ 400,000



REGIONAL PARK AND OPEN SPACE DISTRICT  
FY 2006-2007 PROPOSITION A GRANTS

Proposition A Grants

	Agency	Project	Grant Number	Supervisory District	Grant Amount
25	Santa Monica YMCA	Santa Monica YMCA Phase III Older Youth Center	58M1-00-1173	3rd	\$ 300,000
26	South Pasadena	Garfield Lighting & Walkway Improvements	58K2-96-0545	5th	\$ 52,021 (4)
27	South Gate, Department of Community Development	South Gate - Los Angeles River Corridor Project	58K1-98-0709	1st	\$ 400,000 (4)
28	Venice Community Housing Corporation	Restoring Lives	58M1-00-1198	3rd	\$ 150,126 (2), (4)
29	Watts Labor Community Action Committee	WLCAC Senior Citizens Center Renovations/Improvement Project	58M1-98-0694	2nd	\$ 400,000 (3), (4)
30	Whittier	Lee Owens Park	58L1-96-0502	4th	\$ 500,000
<b>Total</b>					<b>\$ 20,086,682</b>

Maintenance and Servicing


	Agency	Project	Grant Number	Supervisory District	Maintenance & Servicing Amount
1	Claremont	1999 Hughes Community Center	58C1-00-1161	5th	\$ 188,208
2	Lakewood	Mayfair High School Gymnasium Renovation	58E7-97-0645	4th	\$ 72,509
3	South Pasadena	Garfield Lighting & Walkway Improvements	58K2-96-0545	5th	\$ 19,376 (1)
4	South Gate, Department of Community Development	South Gate - Los Angeles River Corridor Project	58K1-98-0709	1st	\$ 47,697 (1)
5	Whittier	Lee Owens Park	58L1-96-0502	4th	\$ 135,810
<b>Total</b>					<b>\$ 463,600</b>

- (1) Mayer questioned these costs due to lack of supporting documentation. The District determined that the questioned costs were allowable.
- (2) Mayer questioned \$7,600 due to lack of supporting documentation. The District determined that the questioned costs were allowable.
- (3) Mayer questioned \$169,784 due to lack of supporting documentation. The District determined that the questioned costs were allowable.
- (4) Mayer identified matters that it deemed to be significant deficiencies or material weaknesses in internal control over financial reporting.
- (5) Mayer was unable to obtain a signed representation letter from the Agency's management to confirm representations made during the audit.

**LOS ANGELES COUNTY REGIONAL PARK AND OPEN SPACE DISTRICT**

January 22, 2009

TO: Each Supervisor

FROM: Russ Guiney   
Director, Parks and Recreation

SUBJECT: **REGIONAL PARK AND OPEN SPACE DISTRICT PROPOSITION A  
GRANT AUDITS (WORK ORDER 7-50A)**

The Regional Park and Open Space District (District) determined that all projects with audit findings from the routine audit of Work Order 7-50A and performed by the Certified Public Accounting firm, Mayer Hoffman McCann, were completed in compliance with each grant's project description. Audit findings were limited to grantees unable to produce some original financial and compliance documentation as required by the District's Specified Project & Per Parcel Discretionary Grant Programs Procedural Guide, each Project Agreement and the Policy Memorandum of Maintenance and Servicing during the audit. The auditors reported related project costs as questionable because grantees could not locate their financial documents. However, District files contained all documentation required for payments, and project closings procedures that included final site inspections and photographs supported all costs. Therefore, the District will not pursue reimbursement from these grantees.

The audit findings questioned certain costs from the capital projects, and/or maintenance and servicing expenditures of various projects because of the inability of grantees to provide support documentation. Many projects and expenditures began shortly after the passage of Proposition A in 1992 and were closed more than five years following project completion. Some expenditures were made before agencies had computerized records and centralized locations to store grant project records and some manual records were lost. Most agencies now have computerized records and centralized locations to store grant project records, according to grantees responses to audit findings.

To reinforce District policy, the District will continue to send annual letters to grantees, reminding them of District policy to retain all project records for five years after the project is closed. Grantees will also be reminded that the Procedural Guide is available on the District's website at <http://openspacedistrict.lacounty.info>, if needed.

Each Supervisor  
January 22, 2009  
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The following lists grantees with audit findings from Work Order 7-50A:

- County of Los Angeles-Department of Parks and Recreation-Alondra Park Play Area Improvement-ADA (0610-94-0028), Athens Park Ballfield Lights (0680-94-0213), Bonelli Park South Shore Road (0770-94-0055), Jesse Owens Park Play Area Improvements-ADA (1530-94-0030), and Whittier Narrows Restroom (2020-94-0073)
- California Science Center-Exposition Park Acquisitions (58A2-94-0027)
- Community Development Commission-Union Pacific Community Park Project (58L8-03-2033)
- Venice Community Housing-Restoring Lives (58M1-00-1198)
- Watts Labor Community Action Committee-WLCAC Senior Citizens Center Renovation/Improvement Project (58M1-98-0694)
- City of Claremont - 1999 Hughes Community Center (58C1-00-1161)
- City of Long Beach - Orizaba Park Security Lighting (58F5-94-0116)
- City of Los Angeles-Palisades Park Storm Drain Diversion (58L5-98-0676)
- City of Rosemead-Garvey Avenue Community Center (58H8-98-0764)
- City of South Gate - Los Angeles River Corridor Project (58K1-98-0709)
- City of South Pasadena-Garfield Lighting and Walkway Improvements (58K2-96-0545)
- City of Whittier - Lee Owens Park (58L1-96-0502)

Please call if you have any questions or your staff can contact Ilona Volkmann, Administrator, Regional Park and Open Space District at (213) 738-2981.

Attachment

c: William T Fujioka, Chief Executive Officer  
Sachi A. Hamai, Executive Officer  
Ilona Volkmann, Administrator, Regional Park and Open Space District